

Subsection (4)—Partial Payment in Foreign Currency for Military Assistance

Subsection (4) increases from 10% to 25% the partial payment in foreign currency that must be made by certain recipients of military aid in order to help offset the cost of official United States expenses within the country and the costs of educational and cultural exchanges with that country.

Section 514 of the Foreign Assistance Act, initiated in the Committee last year, requires a foreign country which received military grant aid or excess defense articles to pay, in its own currency, 10% of the amount of the grant aid or, in the case of excess articles, an amount equal to 10% of the fair market value. The foreign currency obtained in payment is available to meet U.S. obligations in the country and to finance educational and cultural exchange programs. It does not apply to a country where military aid is given in payment for base rights. And, if the President decides, the payment requirement can be waived if, without it, the United States does not need to make dollar purchases of the local currency for financing U.S. operations in that country. In practical effect, the payment requirement is not applied unless it actually results in dollar savings.

There is no valid reason why recipient of military aid should not be required to pay at least one-fourth the value of the materials we give them, especially if we have to buy their currency with dollars to pay for the cost of U.S. operations in the country. This will help to implement the Nixon Doctrine principle of requiring other nations to shoulder a greater share of the burden for their own defense needs. Having additional foreign currencies available will also lessen the drain on our dollar resources and have a favorable impact on our escalating balance-of-payments deficit.

As of May 18, 1972, agreements for local currency payments had been signed, or agreed to in principle, with 26 countries. On the basis of the 10% requirement in existing law the Department of State estimates that for the five months covered in FY 1972 there will be collections, and, thus, savings to the taxpayers, of \$6.6 million. The Department estimated that \$11.8 million would be collected in FY 1973 at the 10% rate. The Committee's action to increase payment to 25% effective July 1, 1972, will increase that amount substantially.

Subsection (5)—Limitation on Availability of Funds for Military Operations

Subsection (5), sponsored by Senator Case, adds a new section 515 to the Foreign Assistance Act which would require specific Congressional authorization before funds from any U.S. Government agency or official could be made available "for the purpose of financing any military operations by foreign forces in Laos, North Vietnam, or Thailand, outside the borders of the country of the government or person receiving such funds. . ." In addition, the amendment would require the President to make available to the Congress copies of any agreements and other information bearing on such military operations. The amendment is not intended, however, to infringe or restrict military operations and exercises outside Southeast Asia which are required for self-defense purposes or which are pursuant to regional defense arrangements, such as NATO, or other arrangements, such as U.N. peacekeeping operations.

This amendment is an outgrowth of the "crazy quilt" financing arrangements that have emerged from U.S. involvement in Indochina and the conduct of cross-border military operations in that part of the world. It is the same as a provision approved by the Senate in last year's foreign aid bill, a provision which was deleted in conference. The Committee still believes that this problem should be corrected and the door closed to possible repeat in the future of the type of questionable activity that has occurred with the financing of Thai forces in Laos.

Staff members of the Subcommittee on U.S. Security Agreements and Commitments Abroad were in Laos and Thailand earlier this year. Following are the sections of their report, severely censored by the State Department, describing their findings concerning the Thai irregulars in Laos, financed by the United States:

B. THE THAI IRREGULARS

The program of Thai irregulars in Laos (known as the SGU program for Special Guerrilla Units) provides for U.S. support of up to [deleted] battalions this fiscal year. That remains the goal, but because of difficulties in recruitment in this fiscal year only [deleted] battalions at the most will be raised. Each battalion is supposed to have a strength of 550 men, but the infantry battalions, when deployed, are running at about [deleted] each and the artillery battalions at about [deleted].

"At the time of our visit, there were [deleted] Thai irregular infantry battalions in Laos and [deleted] on leave in Thailand. Of the [deleted] in Laos, [deleted] were in [deleted], [deleted] in the [deleted] and [deleted] at [deleted]. There were also [deleted] artillery battalions deployed. The total force level of Thai irregulars present for duty in Laos was [deleted]. A total of [deleted] other Thai were either on leave, AWOL, wounded, missing in action or on temporary duty. When we were in Laos there were [deleted] additional Thai irregulars in training in Thailand.

The Thai Government continues to treat the program as a sensitive subject, insisting that the numbers involved be kept secret. The United States cites the Thai attitude as the reason it, too, refuses to permit disclosure of the details of the program. The Royal Lao Government, however, has a different approach. In a Voice of America interview with Prime Minister Souvanna Phouma on January 14, the following exchange took place:

The reporter: "Mr. Prime Minister, we know that there are roughly 6,000 Thai troops in direct support of the Meos, mainly artillery. Have you asked for more Thai troops to come in and support these people?"

Souvanna Phouma: "They are volunteers, not regular troops."

The reporter: "I understand that sir . . . we understand that an estimated 6,000 additional Thai are preparing to come to Laos."

Souvanna Phouma: "We have fixed a limit of 25 or 26 battalions of volunteers. Actually, I think we have only 15 or 16 battalions. Therefore, it is necessary to add more . . . that is to say in concurrence with the Americans we have planned for 25 to 26 battalions . . . up to the present time we have only been able to form 15 or 16 battalions. It's the complement to this group that will be coming."

The reporter: "Can you tell me how many volunteer Thai troops you expect to be operating in Laos by May 1?"

Souvanna Phouma: "In addition to the 16 battalions, we will have about 5 or 6 more . . . they can't be called Thai battalions. We must call them volunteer battalions."

The irregulars are recruited by the Royal Thai Army from all over Thailand. The Army is also supposed to recruit cadre of officers and noncommissioned officers on a volunteer basis. Each Thai irregular infantry battalion is supposed to have [deleted] cadre from the regular Thai Army, [deleted] officers and [deleted] noncommissioned officers, and each artillery battalion is supposed to have [deleted] cadre from the regular army.

When we visited one of the Thai irregular training camps with the Thai Army General from the Thai [deleted] Headquarters at Udorn, we interviewed two Thai irregulars through an interpreter. One was a private, and he told us that he had volunteered because [deleted]. The other was a non-commissioned officer. He told us that [deleted]. At the camp, we asked whether the officer and NCO cadre in the program were volunteers. We were told that [deleted], that they served for a year, that they were then rotated out of the program and [deleted], and that no special effort was made to recruit ethnic Lao as distinct from other Thai.

We were told subsequently in Bangkok that [deleted].

U.S. officials who work with the program are well aware of the importance of the distinction between volunteers and nonvolunteers [deleted] because of the legislative prohibition against U.S. support of third-country forces in Laos. They thus emphasize that the Thai personnel including cadre from the regular Army serve in Laos under the overall command and control of the Royal Lao Government. They also contend that the regular Army cadre resign from the Army when they join the program, although [deleted].

The Thai irregulars are paid in Thai baht. The payment is made by the CIA in Udorn to officers of the Thai liaison unit on the basis of strength figures submitted by Thai S-4's at battalion level. In the case of the trainees in Thailand, the money is paid to them at the camp by the Thai liaison unit. After the trainees depart for Laos, there is a system whereby the Thai liaison office can send allotment checks to the families of soldiers or to personal accounts.

Thai irregular privates are paid 1500 Baht a month (\$75) while regular Thai Army privates are paid 530 Baht (\$26) a month. Lieutenants in the program are paid 2500 Baht (\$125). In addition, irregulars receive a bonus of 2400

Baht (\$120) at the end of their tours. If they reenlist, they are paid a bonus of 1200 Baht (\$60) and are given 200 Baht (\$10) a month in additional pay during their second tours. The cost of a battalion per year is estimated by CIA officials in Washington at about \$4 million. Thus, based on Souvanna's estimate of 25 battalions, the cost of maintaining the present Thai irregular force for a year will be approximately \$100 million.

Like the Thai General, all Thai officers in irregular units are given Lao names and Lao identity cards during their service in Laos. They go to Laos in separate Thai units—not individually—and serve in these units as long as they remain in Laos. Because the enlisted men in the units are volunteers, they are not subject to the same military discipline as those in the regular Thai army. Hence, there is nothing that can be done to force them to remain with their units either in training or after they are sent to Laos. Many of them do leave, a total of [deleted] since the program began or about 30%. (Thailand, Laos and Cambodia, January 1972, A Staff Report Prepared for the Use of the Subcommittee on U.S. Security Agreements and Commitments Abroad of the Committee on Foreign Relations, United States Senate, pages 18-20.)

It is virtually impossible for the Congress to know how much of the taxpayers' money is being used to support these activities, as well as others where the U.S. may be footing the bill for military operations ostensibly initiated and controlled by another government. In this connection, it will be recalled that only long after the fact did the Congress discover that Philippine and Thai troops in Vietnam were being paid at considerably higher rates by the U.S. Government than were American soldiers for comparable combat service.

The carrying out of such clandestine activities by the Executive Branch—without the knowledge, let alone the approval of the Congress—makes a mockery of our system of separation of powers.

This amendment will serve to restore a more proper balance between the Legislative and Executive Branches in such matters.

Sec. 5. Authorization of Security Supporting Assistance

This section amends section 532 of the Act to authorize the appropriation of \$650,000,000 for security supporting assistance for fiscal year 1973, of which \$50,000,000 is earmarked for Israel.

The United States provides security supporting assistance to selected countries or international organizations to promote or maintain economic or political stability. In general, recipient countries face actual or threatened aggression which compels them to strengthen their capacity to meet the resultant challenge to their security. The use of Supporting Assistance funds in a given country depends on the degree of importance of that country to U.S. foreign policy objectives, particularly in terms of potential impact on U.S. national security interests.

Supporting Assistance funds normally contribute to some degree to the economic growth or to the developmental goals of the recipient country, but the current U.S. motive in programming these funds is neither economic growth nor development *per se*; rather, the specific